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E.O. 12958: N/A
TAGS: EAGR ECON EINV PGOV ELAB PHUM AR
SUBJECT: ARGENTINE FARM STRIKE EXTENDED SIX MORE DAYS

REF: Buenos Aires 0615 and previous

Summary

¶1. (U) The farm groups leading the Argentine agricultural strike announced on May 15 that the strike will continue, despite a call for further dialogue from President Cristina Kirchner. The farm groups will meet again on May 21 to review the situation and decide whether to continue the strike. The farm groups sent a letter to the President asking for a meeting to discuss their issues. In an effort to increase pressure on the GoA, they will hold a large protest in Rosario on May 25, Argentina's Independence Day and the fifth anniversary of the Kirchners' combined rule. The farm strike has been successful in blocking sales and internal transport of grains and oilseeds, and current exports are limited to stocks placed in the ports prior to resumption of the strike. The farm sector's decision to extend the strike is being perceived as an aggressive move on their part in the light of the President's most recent remarks, which are being widely interpreted as conciliatory. The parties are now in a vicious circle, with the farm sector stating they will not end the strike until the government offers some concrete measures, and the President's people saying she will not meet with sector representatives until they lift the strike.
End Summary

¶2. Farm leaders announced on May 15 that they will continue the farm strike - a continuation of the original three-week strike initiated on March 13 that was suspended from April 2 to May 7. The strike has paralyzed marketing of grains and oilseeds for the last week. They did not set a limit on how long the strike will last, but will meet again on May 21 to review the situation. They will continue protests on the major highways, although they will only limit movement of grains and oilseeds for export in order to guarantee food supplies to the major cities. The farm groups will also organize a large protest in Rosario (the second largest city in Argentina and the center of its agricultural industry) on May 25, the national day of Argentina, and the same day President Kirchner had previously targeted to announce a series of broad social pact (reftel) and political renovation initiatives linked to the upcoming 2010 Bicentennial, and the fifth anniversary of combined Kirchner rule. The planned "Social Pact", part of a "re-launching" of the administration, appears to have been postponed due to the ongoing farm dispute.

¶3. (SBU) The farm sector's decision to prolong their action caught many by surprise given that it came in the wake of a more conciliatory speech by President Cristina Kirchner on May 14, when she called for suspension of the strike and resumed dialogue. Initial responses from farm sector leaders immediately following the President's speech seemed to indicate they had found enough positive in her comments to lift their action. This was not the case, however, as the following day they announced the strike's continuation. The farm leaders asked for concrete measures from the

GoA in order to lift the strike. In particular, they asked that the GoA acknowledge up front that any discussions specifically include possible modifications of the variable export tax regime put in place on March 11, and that the GoA fully implement the wheat and beef agreements negotiated in April during the previous truce in the strike. The farm groups sent a letter to the President asking to meet with her and outlining their demands. While no formal GoA response has been forthcoming, frequent GOA unofficial spokesperson, national deputy Carlos Kunkel, stated May 15 after a meeting with President Kirchner that there would be no negotiations with the farm sector unless the strike is lifted.

¶4. (SBU) The ongoing strike has been successful in blocking movement of grains and oilseeds for export within Argentina since it resumed on May 7. Local producers are refusing to sell grains and oilseeds, and protestors on the main highways are blocking trucks moving grains and oilseeds to the ports. Some of the groups (most prominently in Entre Rios province) are maintaining intermittent blockades of other traffic, including international transport with Brazil and Uruguay. Local contacts report that inland soybean crushing plants have already been forced to suspend operations, while soybean processing plants at the ports (the majority of the crushing plants) are currently limited to using oilseeds bought and stored before the resumption of the strike. While estimates vary, it appears that stocks in ports are only sufficient to allow continued operation for another week or two. The major export companies have suspended purchases of grains and oilseeds pending resolution of the strike.

¶5. (SBU) COMMENT: Local commentators have expressed surprise at the refusal of the farm groups to suspend the strike after the more "conciliatory" speech of President Kirchner. Contacts in the agricultural sector indicate, however, that there is a high degree of anger and suspicion among protestors in the rural areas. The main complaints are the refusal of the GoA to discuss the variable export tax and its failure to implement the beef and wheat agreements negotiated during the previous truce. There seems to be a feeling, somewhat justified, among the farm groups that the GoA is willing to talk, but it is not willing to make any concessions. Leaders of the farm groups suspended the original 21-day strike on April 2 after a similar call for dialogue by President Kirchner, but made little progress in subsequent discussions. The hard-line position of the farm groups is now being driven by their increasingly restive base of small and medium producers which is relatively autonomous and, with this year's crop harvested, ready for a long struggle. Continuation of the strike, however, runs the risk of undermining public support for the rural sector. While the general public has been sympathetic to the farm protest, there is also a strong desire to see an end to the dispute. The risk for the GoA is that it might win the battle and lose the war. Investment in the agricultural sector, a motor of Argentine economic growth, is being undermined by the conflict and a number of government policies while rural area governors, legislators, and other officials are increasingly feeling the pressure from constituents to support their cause, creating serious tensions within the Kirchners' governing coalition. END COMMENT

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